



Newsletter – Financial services

Winter 2024-2025

The competent European Authority for crypto-assets (ESMA) issued a warning in mid-November 2024 reminding the public that the growing interest in crypto-assets should not overshadow their highly volatile nature. This warning was made following the recent, sudden and significant increase in Bitcoin's valuation and the entry into force on 30 December 2024 of the Crypto assets Regulation (MiCA).

In the payment sector, one can hope that the introduction of instant payment (IP) bank transfer on 9 January 2025 will give the European banking sector a competing edge over Visa / Mastercard. It could also possibly bring about the disappearance of means of payment highly associated with fraud (e.g. cheques). This would happen provided that the fraud statistics of IP is brought to acceptable levels.

There was also the publication at the end of December 2024 of an EU/Switzerland institutional framework agreement, which unfortunately has no direct regulatory impact for financial entities of the two blocs.

Finally, a useful report was published on 4 December 2024 by three French senators (from three different political parties). It calls for the end of the drift in European legislation during Ursula von der Leyen's first term as President of the European Commission: the EU adopted around 13,000 texts between 2019 and 2024, compared with 5,500 in the United States. This finding echoes recurrent criticisms of Europeans' propensity to regulate... The trend has been confirmed over the past period, with an ever more extensive legal framework, particularly for the financial sector.

1. Financial Sanctions against Russia

A 15th set of financial sanctions against Russia was finally introduced in mid-December 2024¹. Broadening of sanctions remains modest²: it focuses in particular on continuing the fight against the Russian phantom fleet and anti-circumvention measures. It is in the latter area that the EU appears to be less virulent than the US 'secondary sanctions' regime, even though European diplomacy says it is actively working to ensure that third countries involved with the by-passing of sanctions do not actively participate in circumventing European sanctions. The latest sanctions package also transforms Regulation 833/2014 into a law blocking Russian coercive laws, which bars legal actions by European companies against Russian companies.

The measures relating to the financial sector mainly concern central securities depositories, by (i) allowing them to release cash balances held in frozen assets in order to meet their legal obligations to their customers (ii) blocking compensation of any kind, in particular to the Central Bank of Russia.

In mid-November 2024, the European Banking Authority (EBA) published two guidelines on the proper application of European and national sanction regimes³.

¹ It essentially concerns the amendment of the two historic Regulations of 2014 (No. 833 and No. 269); it is in addition to the various implementing acts published in December to add to the list of persons sanctioned under various Regulations directly or indirectly concerning Russia (or Belarus).

² For the record, around 2,200 people and entities were on the sanctions list before the new sanctions package, with 'full' listings (combining travel bans, asset freezes and bans on making funds available) or partial listings, and a list of 45 oil companies associated with Russian trade.

³ Guidelines establishing common EU standards for governance arrangements and policies, procedures and controls (Internal Control Rules for all financial institutions and TFR Regulation for payment service providers and crypto assets).





Finally, it should be noted that since mid-January 2025, the bank in charge of the handling of funds by lawyers' clients as an accessory to a legal or judicial transaction (BNP Paribas) has ruled out executing transactions, directly or indirectly associated with Russia, regardless of the currency involved.

2. Fight against money laundering (AML/CFT)

On 13 November 2024, the European Commission confirmed that it was working on the possibility of (i) amending the Delegated Regulation on high-risk third countries, to include countries circumventing EU sanctions and (ii) including Russia, as part of its sanctions avoidance strategy. This statement is notwithstanding the FATF's recent rejection of including Russia on its grey list of non-cooperative countries for AML/CFT purposes.

With the MiCA Regulation on the crypto asset market coming into force on 30 December 2024 (at the same time as the EBA guidelines on AML/CFT), the Commission is preparing to allow Member States to require European crypto asset service providers with cross-border activities to appoint a permanent AML/CFT representative, as is already expected of payment/electronic money institutions.

In its December 2024 newsletter, the EBA reports that its EuReCA database is growing, with no fewer than 267 financial institutions involved. The database receives reports of significant AML/CFT weaknesses identified by national authorities concerning financial institutions operating in the EU.

In France, two Decrees were issued on 23 and 28 December 2024 in connection with the expected AML/CFT vigilance with regard to (i) the transfer of crypto-assets and (ii) issuers of electronic money tokens (EMT). These Decrees⁴ show that despite the standardisation of the rules on crypto-assets, Crypto assets service providers (CASPs) continue to follow national AML/CFT rules, pending the full application of truly uniform rules around 2027.

Lastly, in December 2024 the French supervisory authority for real estate professionals reported targeted inspections in response to (i) the FATF's recommendation to step up AML/CFT controls and particularly the monitoring of asset freezing measures and (ii) the discovery of luxury real estate assets acquired in violation of international financial sanctions (e.g. Syria, Russia).

3. Payment services

3.1 European developments

First of all, the importance of the entry into force on 30 December 2024 of the MiCA Regulation on crypto assets, accompanied by the complementary publication of the final expected regulatory technical standards⁵. It is also worth noting the publication in mid-December of expected Guidelines, to ensure the promotion of convergence in the classification of crypto-assets.

For French crypto asset providers (*aka PSANs*) that have been granted enhanced registration or licensing, they will be able to benefit from a fast-tracked regime to be granted MiCA licensing by the AMF. In any event, for their French activities, they will have the right to continue their activities until 1 July 2026, by which date they must have obtained the new licensing. Other financial institutions interested with the MiCA licensing will also have access to the above mentioned fast-tracked regime.

⁴ Implementing the recent Order of October 2024 mentioned in [our previous newsletter](#), the text strengthens anti-money laundering and combating the financing of terrorism (AML/CFT) obligations for transfers of crypto-assets, bringing national requirements into line with the TFR Regulation (EU 2023/1113).

⁵ Technical standards for (i) forms, formats and templates for white papers on crypto-assets, (ii) arrangements for publishing inside information and for deferring the publication of such information and (iii) reporting on tokens referring to an asset or assets and electronic money tokens denominated in a currency that is not an official currency in the EU.



News in the payment sector is strongly marked by the entry into force on 9 January 2025 of several rules of the so-called 'SEPA' amending Regulation introducing the Instant Payment (IP) / wire transfer regime. This follows the adoption at the end of November 2024 of technical standardisation norms⁶. In practice, from 9 January 2025, all payment service providers (PSPs) operating in the euro zone which allow their customers to receive standard credit transfers must also allow them to receive instant credit transfers (IP). The service for sending instant transfers in euros will have to be accessible by 9 October 2025 at the latest. From 9 January 2025, PSPs will also have to align the fees charged for IP with those charged for standard transfers⁷. Finally, by the same date, PSPs must have prevented a person subject to sanctions (European or national) from executing transfers⁸.

3.2 National developments

In France, news in the payment sector is mostly tied to situations linked to bank fraud. In October 2024, the French Supreme Court handed down two decisions in favour of customers who had been victims of fraud. The first highlights the obligations of a payment service provider in the event of fraud using the 'false president' tactics. The second rules out gross negligence on the part of a payer which is the victim of a fraud involving the 'false bank adviser' tactics. Most recent case law thus tends to oblige banks to detect apparent anomalies affecting orders and to check their authenticity with the originator.

These decisions are all the more important because they involved businesses, whereas the phenomenon of financial scams more often involve individuals/consumers, as reminded during a December conference lead by public authorities in charge of this fight, which tirelessly communicate to alert consumers with the increased risks of financial scams.

Finally, in July 2024, as part of a class action, some of these victims obtained a decision from the Paris Court of First Instance holding an online bank liable for its systematic failure to comply with its obligation to verify the opening of accounts by fraudsters, and ordering it to compensate the plaintiffs for the financial loss they had suffered.

4. Digital identity

On 28 November 2024, the European Commission adopted four implementing regulations on the essential functionalities and certification of European digital identity portfolios. These Regulations establish uniform standards, specifications and procedures for the technical functionalities of the wallets, such as the data formats required for the cross-border use of digital documents and measures to ensure the reliability and security of the wallets. A fifth Implementing Regulation establishes specifications and procedures for a solid framework for the certification of digital identity portfolios.

In France, it is conceivable that the French digital identity (*France Identité*) could eventually play a major role (by the end of 2026) in ensuring that users of financial services identify themselves when accessing financial services, including beyond French borders. However, this will require standardisation of the presentation of the information contained in the existing application.

5. Insurance

On 8 January 2025, the European legislator published two Directives adopted on 27 November 2024 (i) establishing a framework for the resolution of insurance undertakings and (ii) amending the Solvency 2

⁶ The EPC Rulebooks and the corresponding application guidelines for each type of IP use.

⁷ This has led some people to say that they will be free in France, which is not true, as the means of payment available in France most often depend on the payment of a lump sum.

⁸ On the other hand, the service for checking the match between the IBAN and the beneficiary (VoP or CoP) will have to be operational by 9 October 2025 in order to be offered to customers (4 years after the emergence of such a requirement for British banking institutions). It is questionable whether IP should be upgraded before the VoP service is launched to prevent fraud.



Directive on prudential rules for insurance undertakings. Full implementation of these Directives is deferred until 30 January 2027.

In France, the French insurance regulator (ACPR), in a press release dated 21 November 2024, also introduced a new recommendation (2024-R-03) applicable from 31 December 2025⁹, aimed at providing insurance distributors with guidance on (i) best practices for incorporating obligations relating to the consideration of customer preferences in terms of sustainability and (ii) the lessons that can be learned from inspections carried out by the ACPR in terms of the duty to provide advice.

As the ACPR is increasingly approached by companies or groups wishing to apply for the licensing of reinsurance captives, it published in November 2024 a guide that provides concrete details of the information required when applying for the licensing of such captives.

6. Investment services and asset management

In mid-November 2024, the European legislator published what it calls the 'Listing Act', which includes amendments to the MiFID/MiFIR texts, with the aim of ensuring that European companies have unimpeded access to the most appropriate financing, including stock markets. It partially came into force on 4 December 2024 and the remainder of provisions will be fully applicable as of the end of 2026. This extended period should allow technical standards to be drawn up to clarify certain provisions, including the financing of 'research' by investment services providers. The key issue is the transparency of research costs.

While the European legislator has given a regulatory impetus in favour of instantaneous payments, the competent authorities for market infrastructures are working to shorten the settlement-delivery cycle for financial securities. In mid-November, the European Securities and Markets Authority (ESMA) published a report paving the way for T+1 settlement.

7. Sustainable finance

In December 2024, the European legislator published a Regulation on the prohibition of products derived from forced labor on the EU market, applicable from 14 December 2027. Although the financial sector is not directly targeted, financial penalties incurred by targeted companies will require the financial sector to refrain from financing or insuring activities of companies whose products are manufactured while using forced labor¹⁰.

At the same time, another Regulation on the transparency and integrity of environmental, social and governance rating activities was released. Applicable from 2 July 2026, it concerns providers of public ESG ratings used for marketing purposes. It is accompanied by an amendment to the Sustainable Finance Disclosure Regulation (SFDR). It requires these rating providers to seek licensing from the European Securities and Markets Authority (ESMA), with a streamlined, temporary and optional three-year registration regime for small companies and groups providing ESG ratings.

At the same time, in December 2024, the French Securities Regulator (AMF) changed its policy on minimum standards for collective investment schemes to disclose the inclusion of non-financial criteria in their names, key information documents and marketing documents¹¹. The AMF considers that funds

⁹ The recommendation replaces a previous recommendation 2013-R-01 from 2013 (amended in 2020) for a practical translation of a European Authority (EIOPA) recommendation on the integration of sustainability preferences as part of the adequacy assessment (DDA rules).

¹⁰ The same logic will apply to the entry into force of the Regulation aimed at combating commodities and products associated with deforestation and forest degradation, which the legislator has just postponed by one year until 30 December 2025, despite a regulatory framework finalized in December 2024.

¹¹ To take account of ESMA guidelines in this area.





already licensed as socially responsible enterprises¹² do not have to justify their significant commitment to non-financial criteria.

As mentioned in a [previous newsletter](#) the European 'EUGB' Regulation will come into force on 21 December 2024. It refers to bond issues that finance environmentally sustainable economic activities and are therefore geared towards achieving the environmental objectives set out in the Taxonomy Regulation.

Sustainable finance also evolved in November 2024 with newly adopted European compensation rules and the standardisation of the voluntary carbon credit market, in conjunction with COP29 conference.

8. Other European or national developments impacting financial services

A large part of the financial sector is preparing to apply by 17 January 2025 the four pillars of the reform on cyber resilience (DORA)¹³ (risk management system for ICT services, the process for managing and classifying ICT-related incidents, the introduction of digital operational resilience tests and the risks associated with IT service providers).

While the Joint Committee of the three European Financial Institutions Authorities made progress in November 2024 on how to designate critical ICT providers, to date they have not been formally designated, which impacts the financial sector's ability to apply all DORA rules. On 5 December 2024, the Joint Committee stated that the designation of critical ICT providers in the second half of 2025 would not prevent the legal framework from coming into force. In any case, financial institutions can now work on the model register of information on ICT providers in an implementing regulation published on early December 2024.

The Regulation of 23 October 2024 on the cybersecurity of digital products, which affects the financial sector in particular through the means of payment it makes available to its customers, must be taken into account in the context of its deferred application as from 2026.

On 17 December 2024, the European legislator revealed the political agreement of the trilogue on the text of an amending Regulation that specifies how the authorities responsible for supervising the EU's financial sector may share information obtained in the course of their duties (the 'Data Sharing' Regulation). The aim is to avoid redundant requests to financial institutions when two or more authorities have the right to collect the same information.

Finally, as announced in a [previous newsletter](#), on 19 December 2024 the European legislator adopted the Regulation confirming the discontinuation on 20 July 2025 of the European platform for out-of-court and online dispute settlement (ODR), which had never worked properly.

¹² See Decree of 23 December 2024.

¹³ Despite the absence of a law implementing the NIS2 Directive, a bill for which was launched in mid-October 2024.

